

# MPUMALANGA PROVINCE

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## MPUMALANGA SECOND ADJUSTMENTS APPROPRIATION BILL, 2023

*(As introduced in the Mpumalanga Provincial Legislature (as a section 120 Bill))*

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(MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM)

# BILL

**To effect adjustments to the appropriation of money from the Provincial Revenue Fund for the requirements of the Province in respect of the 2022/23 financial year; and to provide for matters incidental thereto.**

## PREAMBLE

**WHEREAS** section 226(2)(a) of the Constitution of the Republic of South Africa, 1996, provides that money may be withdrawn from the Provincial Revenue Fund only in terms of an appropriation by a Provincial Act or as a direct charge against that Fund, when it is provided for in the Constitution of the Republic of South Africa, 1996, or an Act of the Provincial Legislature;

**WHEREAS** the Mpumalanga Appropriation Act, 2022 (Act No. 2 of 2022), provides for the appropriation of money from the Provincial Revenue Fund to provide for the requirements of the Province in respect of the 2022/23 financial year;

**WHEREAS** the Mpumalanga Adjustments Appropriation Act, 2022 (Act No.3 of 2022) effected adjustments to the appropriation of money provided for in the Appropriation Act, 2022, and whereas further adjustments are required;

**AND WHEREAS** section 31 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), provides for the tabling of provincial adjustments budget and an adjustments Appropriation Bill to make adjustments to the appropriations in an Appropriation Act,

**BE** IT THEREFORE ENACTED by the Mpumalanga Provincial Legislature, as follows:-

## **Interpretation**

1. In this Act, unless the context indicates otherwise, any word or expression to which a meaning has been assigned in section 1 of the Mpumalanga Appropriation Act, 2022 (Act No. 2 of 2022), or section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), must bear the meaning so assigned.

## **Adjustments to appropriations of money for requirements of the Province**

2. (1) Adjustments to appropriations by the Mpumalanga Provincial Legislature of money from the Provincial Revenue Fund for the requirements of the Province in the 2022/23 financial year to votes and the main divisions within a vote, and amendments to the purposes that are specified, are set out in the Schedule to this Act.

(2) The spending of appropriations envisaged in subsection (1) is subject to this Act, the Mpumalanga Appropriation Act, 2022, the Mpumalanga Adjustments Appropriation Act, 2022, the Public Finance Management Act, 1999 and the Division of Revenue Act, 2022 (Act No. 5 of 2022).

## **Short title**

3. This Act is called the Mpumalanga Second Adjustments Appropriation Act, 2023.

SCHEDULE								
Vote		Total	Current Payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets
			Compensation of employees	Goods and services	Other			
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>1</b>	<b>Office of the Premier</b> <i>Aim: To provide strategic direction and support evidence based decision-making through research, monitoring and evaluation, integrated planning, co-ordination of government programmes and institutional development.</i>	<b>(16 000)</b>	<b>-</b>	<b>(1 000)</b>	<b>-</b>	<b>(16 000)</b>	<b>1 000</b>	<b>-</b>
	1. Administration	1 000	-	-	-	-	1 000	-
	2. Institutional Development	(1 000)	-	(1 000)	-	-	-	-
	3. Policy and Governance	(16 000)	-	-	-	(16 000)	-	-
<b>3</b>	<b>Provincial Treasury</b> <i>Aim: To enhance fiscal discipline, accountability and effective governance in PFMA and MFMA institutions through: capable and professional workforce, inter-governmental collaboration and sustainable funding and equitable allocation and prudent financial management.</i>	<b>(11 530)</b>	<b>(6 517)</b>	<b>(12 303)</b>	<b>-</b>	<b>7 290</b>	<b>-</b>	<b>-</b>
	1. Administration	(9 666)	(1 577)	(3 749)	-	(10)	(4 330)	-
	2. Sustainable Resources Management	(6 596)	(1 031)	(12 865)	-	7 300	-	-
	3. Asset And Liabilities Management	6 035	(3 483)	5 188	-	-	4 330	-
	4. Financial Governance	(1 303)	(426)	(877)	-	-	-	-
<b>4</b>	<b>Co-operative Governance and Traditional Affairs</b> <i>Aim: To ensure that municipalities and Traditional Institutions in the Province perform their basic responsibilities and functions by promoting good governance, sound financial management and administrative capability.</i>	<b>(60 000)</b>	<b>(14 500)</b>	<b>(13 700)</b>	<b>-</b>	<b>8 200</b>	<b>(40 000)</b>	<b>-</b>
	1. Administration	-	(6 100)	4 300	-	1 800	-	-
	2. Local Governance	(11 000)	-	9 000	-	-	(20 000)	-
	3. Development and Planning	(16 400)	(6 400)	-	-	-	(10 000)	-
	4. Traditional Institutional Management	(32 600)	-	(29 000)	-	6 400	(10 000)	-
	5. The House of Traditional Leaders	-	(2 000)	2 000	-	-	-	-
<b>5</b>	<b>Agriculture, Rural Development, Land and Environmental Affairs</b> <i>Aim: To lead and facilitate integrated, comprehensive, sustainable development and social cohesion by participating and partnering with all sectors of society, through agriculture, rural development and land administration.</i>	<b>-</b>	<b>-</b>	<b>5 000</b>	<b>-</b>	<b>-</b>	<b>(5 000)</b>	<b>-</b>
	1. Administration	-	-	-	-	-	-	-
	2. Sustainable Resource Management	-	-	-	-	-	-	-
	3. Farmer Support and Development	-	-	5 000	-	-	(5 000)	-

Vote		Total	Current Payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets
			Compensation of employees	Goods and services	Other			
	4. Veterinary Services	-	-	-	-	-	-	-
	5. Research and Technology Development Services	-	-	-	-	-	-	-
	6. Agricultural Economics Services	-	-	-	-	-	-	-
	7. Structured Agricultural Education and Training	-	-	-	-	-	-	-
	8. Rural Development Coordination	-	-	-	-	-	-	-
	9. Environmental Affairs	-	-	-	-	-	-	-
<b>6</b>	<b>Economic Development and Tourism</b> <i>Aim: To drive economic growth that creates decent employment and promotes sustainable</i>	<b>(50 000)</b>	<b>(3 000)</b>	<b>(9 500)</b>	<b>-</b>	<b>13 500</b>	<b>(51 000)</b>	<b>-</b>
	1. Administration	(6 977)	(1 200)	(4 777)	-	-	(1 000)	-
	2. Integrated Economic Development	(48 260)	-	(1 760)	-	3 500	(50 000)	-
	3. Trade and Sector Development	(1 200)	-	(1 200)	-	-	-	-
	4. Business Regulation and Governance	2 532	(1 800)	(668)	-	5 000	-	-
	5. Economic Planning	(1 095)	-	(1 095)	-	-	-	-
	6. Tourism	5 000	-	-	-	5 000	-	-
<b>7</b>	<b>Education</b> <i>Aim: Mpumalanga Department of Education commits to working together with stakeholders to ensure effective teaching and learning through pro-active and effective communication, and good governance utilising tools of the fourth industrial revolution to create responsive public servants.</i>	<b>(316 949)</b>	<b>(683)</b>	<b>(375 944)</b>	<b>-</b>	<b>45 269</b>	<b>14 409</b>	<b>-</b>
	1. Administration	-	-	-	-	-	-	-
	2. Public Ordinary Schools Education <i>Of which</i> <i>Conditional Allocation</i> <i>-Maths, Science and Technology Grant</i> <i>-National School Nutrition Programme Grant</i>	(60 914)	(46 000)	(30 848)	-	15 704	230	-
			-	786	-	-	(786)	-
			-	(15 704)	-	15 704	-	-
	3. Independent Schools Subsidies	-	-	-	-	-	-	-
	4. Public Special Schools Education	1 811	-	1 811	-	-	-	-
	5. Early Childhood Development	3 542	-	(13 502)	-	14 565	2 479	-
	6. Infrastructure Development <i>Of which</i> <i>Conditional Allocation</i> <i>-Education Infrastructure Grant</i>	(331 949)	-	(343 649)	-	-	11 700	-
			-	(343 649)	-	-	31 700	-
	7. Examination and Education Related Services <i>Of which</i> <i>Conditional Allocation</i> <i>-HIV/AIDS (Life Skill Education) Grant</i> <i>Non-profit Institution</i> <i>-Mpumalanga Regional Training Trust</i>	70 561	45 317	10 244	-	15 000	-	-
			(683)	683	-	-	-	-
			-	-	-	15 000	-	-

Vote		Total	Current Payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets
			Compensation of employees	Goods and services	Other			
<b>8</b>	<b>Public Works, Roads and Transport</b> <i>Aim: To provide an integrated, reliable and cost effective transport system that meets the development needs of the province. To deliver infrastructure that promotes sustainable economic development and</i>	<b>(153 000)</b>	<b>(23 000)</b>	<b>9 250</b>	<b>-</b>	<b>10 900</b>	<b>(150 150)</b>	<b>-</b>
	1. Administration	-	(8 000)	9 100	-	(1 100)	-	-
	2. Public Works Infrastructure	(153 000)	(12 000)	-	-	12 000	(153 000)	-
	3. Transport Infrastructure	-	(3 000)	150	-	-	2 850	-
	4. Transport Operations	-	-	-	-	-	-	-
	5. Community Based Programmes	-	-	-	-	-	-	-
<b>9</b>	<b>Community Safety, Security and Liaison</b> <i>Aim: A safe, secure, crime and road crash free Mpumalanga Province</i>	<b>(15 100)</b>	<b>-</b>	<b>(9 000)</b>	<b>-</b>	<b>-</b>	<b>(6 100)</b>	<b>-</b>
	1. Administration	-	-	-	-	-	-	-
	2. Civilian Oversight	-	-	-	-	-	-	-
	3. Transport Regulation	(15 100)	-	(9 000)	-	-	(6 100)	-
	4. Security Management	-	-	-	-	-	-	-
<b>10</b>	<b>Health</b> <i>Aim: To improve the quality of health and well-being of all people of Mpumalanga Province by providing needs-based, people centred, equitable health care delivery system through an integrated network of health care services provided by a cadre of dedicated and well skilled health workers.</i>	<b>(186 553)</b>	<b>12 701</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>(199 604)</b>	<b>-</b>
	1. Administration	-	-	-	-	-	-	-
	2. District Health Services <i>Of which Conditional Allocation - National Health Insurance Grant: Health professionals</i>	13 447	12 701	350	-	-	396	-
	3. Emergency Medical Services	-	-	-	-	-	-	-
	4. Provincial Hospital Services	-	-	-	-	-	-	-
	5. Central Hospital Services	-	-	-	-	-	-	-
	6. Health Sciences and Training	-	-	-	-	-	-	-
	7. Health Care Support Services	-	-	-	-	-	-	-
	8. Health Facilities Management	(200 000)	-	-	-	-	(200 000)	-
<b>11</b>	<b>Culture, Sport and Recreation</b> <i>Aim: To promote social cohesion and nation building through culture, sport and information service to people of Mpumalanga.</i>	<b>-</b>	<b>-</b>	<b>15 094</b>	<b>-</b>	<b>-</b>	<b>(15 094)</b>	<b>-</b>
	1. Administration	-	-	-	-	-	-	-

Vote		Total	Current Payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets
			Compensation of employees	Goods and services	Other			
	2. Cultural Affairs	-	-	-	-	-	-	-
	3. Library and Archives Services	-	-	15 094	-	-	(15 094)	-
	<i>Of which</i>							
	<i>Conditional Allocation</i>							
	- <i>Community Library Services Grant</i>		-	15 094	-	-	(15 094)	-
	4. Sports and Recreation	-	-	-	-	-	-	-
<b>13</b>	<b>Human Settlements</b>	<b>300 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300 000</b>	<b>-</b>	<b>-</b>
	<i>To co-ordinate and facilitate the creation of integrated sustainable human settlements.</i>							
	1. Administration	-	-	-	-	-	-	-
	2. Housing Needs, Research and Planning	-	-	-	-	-	-	-
	3. Housing Development	300 000	-	-	-	300 000	-	-
	<i>Of which</i>							
	<i>Conditional Allocation</i>							
	- <i>Human Settlements Development Grant</i>		-	-	-	100 000	-	-
	- <i>Informal Settlements Upgrading Partnership</i>		-	-	-	200 000	-	-
	4. Housing Asset Management	-	-	-	-	-	-	-
<b>Total 2022/23 2nd adjustment to departmental baseline</b>		<b>(509 132)</b>	<b>(34 999)</b>	<b>(391 753)</b>	<b>-</b>	<b>369 159</b>	<b>(451 539)</b>	<b>-</b>

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## EXPLANATORY MEMORANDUM ON THE OBJECTS OF THE MPUMALANGA SECOND ADJUSTMENTS APPROPRIATION BILL, 2023

### 1. BACKGROUND

- 1.1. Section 31(1) of the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA) provides to the effect that "*the MEC for Finance in a Province may table an adjustments budget in the Provincial Legislature subject to subsection (3)*". Furthermore, *section 31(2)(a)-(e)* makes provision for instances upon which adjustments may be made. This adjustment is in terms of *section 31(2)(a)* and *(e)* of the PFMA respectively to the effect that "*an adjustments budget of a province may only provide for- (a) the appropriation of funds that have become available in the province*"; and "*(e) the shifting of funds between and within votes....*".
- 1.2. Based on the above, the Mpumalanga Second Adjustments Appropriation Bill, 2023 ("the Bill") provides for the appropriation of funds for the Mpumalanga Provincial Government arising from the transfer and the reduction of conditional grants to provinces published by the Minister of Finance, Mr E Godongwana, through the following Government Gazettes issued in terms of the Division of Revenue Act, 2022 (Act No. 5 of 2022) as amended:-
  - 1.2.1. Government Gazette No. 47789 dated 23 December 2022, which notice affects the National Health Insurance Grant;
  - 1.2.2. Government Gazette No. 47882 dated 19 January 2023, which notice affects the Human Settlement Grant (HSDG) and the Informal Settlements Upgrading Partnership Grant: Provinces (ISUPG); and Government Gazette no. 48095 dated 21 February 2023; and
  - 1.2.3. Government Gazette No. 48095 dated 21 February 2023, which notice affects the Education Infrastructure Grant (EIG) and the Provincial Emergency Grant.
- 1.3. Departments will also have an opportunity to do virements where necessary.

### Conditional Grants

- 1.4. For Government Gazette No. 48095 dated 21 February 2023, and in compliance with *section 18* of the Division of Revenue Act, 2022 (Act No. 5 of 2022), as amended, the National Department of Basic Education has stopped the transfer of funds amount of R311.949 million to the province. The Bill therefore provides for second adjustments to the Province's budget in order to reduce funding appropriated from the National Department of Basic Education. In this regard, **the budget baseline of the Department of Education will therefore be accordingly decreased by R311.949 million**, in order to stop funding towards Education Infrastructure Grant.
- 1.5. For Government Gazette No. 47789 dated 23 December 2022, and in compliance with *section 19* of the Division of Revenue Act, 2022 (Act No. 5 of 2022), as amended, the National Department of Health has in 2022 stopped the transfer of funds to the affected Provinces and R13.447 million thereof is re-allocated to the Province. The Bill therefore provides for second adjustments to the Province's budget in order to receive and appropriate the additional funding. In this regard, **the budget baseline of the Department of Health will therefore be accordingly increased by R13.447 million**, in order to direct funding towards National Health Insurance Grant.
- 1.6. For Government Gazette No. 47882 dated 19 January 2023, and in compliance with *section 19* of the Division of Revenue Act, 2022 (Act No. 5 of 2022), as amended, the National Department of Human Settlements has in stopped the transfer of funds to the affected Provinces, and a total amount of R300 million is re-allocated to the province. The Bill therefore provides for second adjustments to the Province's budget in order to receive and appropriate the additional funding. In this regard, **the budget baseline of the Department of Human Settlements will therefore be accordingly increased by R300 million**, of which **R100 million** thereof will be directed towards Human Settlements Development Grant and **R200 million**, towards Informal Settlements Upgrading Partnership Grant.

## Provincial Revenue Fund

- 1.7 An amount of **R525.630 million** is available from the Provincial Revenue Fund which was declared unspent, and the baseline of the affected Departments will be reduced as accordingly detailed in the Schedule to the Bill.
- 1.8 From the declared unspent funds, the Department of Education will receive **R15 million** to be transferred to the Mpumalanga Regional Training Trust.

## 2. SUMMARY OF BILL

The following is a brief summary of the Bill:

**Clause 1** provides for the Interpretation of the Bill;

**Clause 2** provides for the second adjustments to appropriations of money for the requirements of the Province in respect of the 2022/23 financial year to certain votes and main divisions within a vote; and

**Clause 3** contains the short title.

## 3. ORGANISATIONS AND INSTITUTIONS CONSULTED

All relevant and affected stakeholders were consulted.

- National Treasury
- Office of the Premier
- Provincial Legislature
- Provincial Treasury
- Department of Co-operative Governance and Traditional Affairs
- Department of Agriculture, Rural Development, Land and Environmental Affairs
- Department of Economic Development and Tourism
- Department of Education
- Department of Public Works, Roads and Transport
- Department of Community, Safety Security and Liaison
- Department of Health
- Department of Culture, Sport and Recreation
- Department of Social Development
- Department of Human Settlements

#### **4. FINANCIAL IMPLICATIONS FOR THE PROVINCE**

- 4.1. The budget baseline of the Department of Health will be increased by **R13.447 million**, in order to direct funding towards National Health Insurance Grant.
- 4.2. The budget baseline of the Department of Human Settlements will be increased by a total of **R300 million**, of which **R100 million** is directed towards the Human Settlements Development Grant and **R200 million** towards Informal the Settlements Upgrading Partnership Grant.
- 4.3. The budget baseline of the Department of Education will be decreased by **R311.949 million**, and same will therefore reduce funding towards Education Infrastructure Grant.
- 4.4. An amount of **R15 million** will be added to the Department of Education from the Provincial Revenue Fund to be transferred to the Mpumalanga Regional Training Trust.
- 4.5. The Bill will also adjust the budget baselines of the above-mentioned votes by a combined total amount of **R509.132 million**.

#### **5. CONSTITUTIONAL IMPLICATIONS**

The recommendations that are made in the Bill take into account the provisions of sections 119, 120 and 226 of the Constitution.

#### **6. LEGISLATIVE PROCEDURE**

The Bill is a money Bill which must be dealt with in accordance with the procedure prescribed by section 120 read with section 119 of the Constitution.